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CENTRAL DIST. OF CALIF.
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U.S. District Court
CENTRAL DIST. OF CALIF.12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**14 **UNITED STATES OF AMERICA,**

15 Plaintiff,

16 *ex rel.* **RELATOR LLC**, a California
17 limited liability company,

18 Relator,

19 v.

20 **WEST COAST DENTAL SERVICES,**
21 **INC.**, a California corporation, **COHEN**
22 **SEDGH MANAVI & PAKRAVAN**
23 **DENTAL CORPORATION**, a
24 California corporation, **SOL COHEN**
25 **SEDGH DDS INC.**, a California
26 corporation, **SOLEYMAN COHEN**
27 **SEDGH DDS INC.**, a California
28 corporation, **SOL COHEN SEDGH**
DENTAL CORPORATION, a
California corporation, **PAKRAVAN**
DENTAL CORPORATION, a
California corporation, **FARID**
PAKRAVAN PROFESSIONAL

Case No.

LACV22-3816-MCS(MARx)**COMPLAINT FOR VIOLATIONS
OF FEDERAL FALSE CLAIMS
ACT****FILED IN CAMERA UNDER SEAL
PURSUANT TO 31 U.S.C. §
3730(b)(2)****DO NOT PLACE ON PACER****JURY TRIAL DEMANDED**

DENTAL CORPORATION, a
California corporation, **CITY REAL
ESTATE HOLDING, LLC**, a
California limited liability company,
SOLEYMAN COHEN-SEDGH, an
individual, **FARID PAKRAVAN**, an
individual, and **FARHAD MANAVI**, an
individual; and
DOES 1-10,

Defendants.

Plaintiff-Relator, **RELATOR LLC** (hereinafter referred to as “Plaintiff”) complains of Defendants **WEST COAST DENTAL SERVICES, INC.**, a California corporation, **COHEN SEDGH MANAVI & PAKRAVAN DENTAL CORPORATION**, a California corporation, **SOL COHEN SEDGH DDS INC.**, a California corporation, **SOLEYMAN COHEN SEDGH DDS INC.**, a California corporation, **SOL COHEN SEDGH DENTAL CORPORATION**, a California corporation, **PAKRAVAN DENTAL CORPORATION**, a California corporation, **FARID PAKRAVAN PROFESSIONAL DENTAL CORPORATION**, a California corporation, **CITY REAL ESTATE HOLDING, LLC**, a California limited liability company, **SOLEYMAN COHEN-SEDGH**, an individual, **FARID PAKRAVAN**, an individual, and **FARHAD MANAVI**, an individual; and Does 1-10 (each, individually a “Defendant,” and collectively “Defendants”), and alleges as follows:

I. INTRODUCTION

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4 1. This is a case about a handful of wealthy businessmen exploiting and
5 defrauding The United States Government by embezzling millions of dollars from
6 an aid program intended to help working families. These wealthy businessmen
7 defrauded the government for their own personal, unjust and unlawful enrichment,
8 at a time of national emergency.
9

10 2. Plaintiff-Relator, Relator LLC on behalf of the United States of
11 America brings this action to recover treble damages, civil penalties, and costs
12 under the False Claims Act (“FCA”), 31 U.S.C. §§ 3729-33, and to recover
13 damages and other monetary relief under the common law and equitable theories of
14 unjust enrichment and payment by mistake.
15
16

17 3. This action arises from false and deceptive statements and claims that
18 the Corporate Defendants (as defined below) and their owners, officers and
19 shareholders, the Individual Defendants (as defined below), listed in the caption
20 (collectively “Defendants”), knowingly presented to, or caused to be presented to,
21 the United States and the United States Small Business Administration (“SBA”)
22 and lenders acting on the SBA’s behalf, in violation of the FCA and common law.
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24

25 4. The Individual Defendants, among other things, used the Corporate
26 Defendants to unlawfully obtain millions of dollars of PPP Proceeds (as defined
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1 below), and unlawfully misappropriated such proceeds for their own personal gain.

2 5. In their applications, the Corporate Defendants stated that they would
3 use 100% of the PPP Proceeds for payroll. They did not use the received PPP
4 Proceeds for payroll, quite the opposite. The Defendants laid off or shuffled most of
5 their employees among affiliated entities and instead used the PPP Proceeds for
6 personal gain, such as all cash real estate purchases.
7

8 6. The Defendants made many material false statements in their PPP
9 applications, including the use of proceeds, number of employees, and retention of
10 employees.
11

12 7. The scheme is summarized in this way: Defendants received a large
13 first-round PPP loan for all of their 477 employees through one entity (Corp 1, as
14 defined below), then shortly thereafter moved most of these employees off the
15 company payroll onto other affiliated companies' payrolls which are inactive shell
16 corporations owned and controlled by the Individual Defendants. The shell
17 corporations (Corp 2 – Corp 7, defined below) then also collected first-round PPP
18 loans for these same employees, allowing for duplicate loans while also reducing
19 the number of employees (less than 300) in the original company (Corp 1) and
20 thereby allowing it to qualify for a second-round PPP loan. Defendants did not use
21 the loans (all of which were forgiven by the SBA) for payroll as required, but rather
22 embezzled the money for personal gain like real estate purchases.
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24 8. In executing on this scheme, the first-round loan obtained by Corp 1 in
25 2020 was with one bank (Idaho First Bank) and Corp 1's second-round loan as well
26 as all of the other loans of the other Corporate Defendants (Corp 2 through Corp 7)
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1 which were all obtained in 2021 were with a different lender (A10capital, LLC).

2 9. Prior to the start of the pandemic the Individual Defendants, through
3 Corp 1, owned and operated a number of dental offices in California.
4

5 10. The PPP funds were not used for eligible purposes. During the course
6 of the pandemic, the Individual Defendants individually and through various
7 corporate entities owned and controlled by the Individual Defendants, used these
8 ill-gotten PPP proceeds to purchase lavish multi-million-dollar second and third
9 homes and numerous single-family residences for speculative real estate investment
10 in all-cash offers.
11

12 11. Rather than protect the paychecks of their employees, the Defendants
13 terminated (or shuffled around) most of their workers (about 75% of them) and
14 instead used government money for their own gain, to speculate on real estate
15 during a national and global health crisis.
16

17 II. THE PARTIES

18 12. Plaintiff Relator LLC, is a California limited liability company with its
19 principal place of business in Los Angeles, California.
20

21 13. Defendant West Coast Dental Services, Inc., is a California
22 corporation ("Corp 1") with its principal place of business at 12121 Wilshire Blvd.,
23 Suite 1111, Los Angeles, California 90025.
24

25 14. During round 1 of the paycheck protection program, Corp 1 applied
26 for a PPP loan for \$7,343,628.00. They were approved on April 27, 2020 by the
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1 SBA for an amount of \$7,343,628.00. The loan was facilitated by Idaho First Bank.
2 Corp 1 received 100% of the approved amount. The SBA forgave \$7,428,331.00 of
3 this loan on June 25, 2021. On its application for this loan, Corp 1 stated that they
4 had 477 employees with an average salary of \$73,898.00 per year. This loan
5 hereafter referred to as the “Corp 1 Round 1 Loan.”
6
7

8 15. During round 2 of the paycheck protection program, Corp 1 requested
9 a PPP loan for **\$1,043,518.00**. They were approved on **February 14, 2021** by the
10 SBA for an amount of \$1,043,518.00. The loan was facilitated by A10capital, LLC.
11 Corp 1 received 100% of the approved amount. The SBA forgave \$1,055,182.53 of
12 this loan on March 31, 2022. On its application for this second-round loan, Corp 1
13 stated that they only had 131 employees with an average salary of \$38,236.00 per
14 year. This loan hereafter referred to as the “Corp 1 Round 2 Loan.” *In other words,*
15 *between the time of their first-round loan and their second-round loan they had*
16 *terminated (or shuffled around) 346, or roughly 73.4% of their employees.*
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20 16. Defendant Cohen Sedgh Manavi & Pakravan Dental Corporation, is a
21 California corporation (“Corp 2”) with its principal place of business at 12121
22 Wilshire Blvd., Suite 1111, Los Angeles, California 90025.
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24 17. During round 1 of the paycheck protection program, Corp 2 requested
25 a PPP loan for **\$1,995,000.00**. They were approved on **February 24, 2021** by the
26 SBA for an amount of \$1,995,000.00. The loan was facilitated by A10capital, LLC.
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1 Corp 2 received 100% of the approved amount. The SBA forgave \$2,014,130.14 of
2 this loan on February 14, 2022. On its application for this loan, Corp 2 stated that
3 they had 218 employees with an average salary of \$43,927.00 per year. This loan
4 hereafter referred to as the "Corp 2 Loan." Plaintiff alleges that Corp 2's 218
5 employees were actually Corp 1 employees that were fraudulently listed on Corp
6 2's books so that Corp 1 could show less than 300 employees for its second-round
7 PPP application and so that the Defendants could receive additional first-round
8 proceeds for these same Corp 1 employees through Corp 2.

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12 18. Defendant Sol Cohen Sedgh Dds Inc., is a California corporation
13 ("Corp 3") with its principal place of business at 12121 Wilshire Blvd., Suite 1111,
14 Los Angeles, California 90025.

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16 19. During round 1 of the paycheck protection program, Corp 3 requested
17 a PPP loan for **\$267,612.00**. They were approved on **March 27, 2021** by the SBA
18 for an amount of \$267,612.00. The loan was facilitated by A10capital, LLC. Corp 3
19 received 100% of the approved amount. The SBA forgave \$270,068.16 of this loan
20 on March 3, 2022. On its application for this loan, Corp 3 stated that they had 23
21 employees with an average salary of \$55,849.00 per year. This loan hereafter
22 referred to as the "Corp 3 Loan." Plaintiff alleges that Corp 3's 23 employees were
23 actually Corp 1 employees that were fraudulently listed on Corp 2's books so that
24 Corp 1 could show less than 300 employees for its second-round PPP application
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1 and so that the Defendants could receive additional first-round proceeds for these
2 same Corp 1 employees through Corp 3.

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4 20. Defendant Soleyman Cohen Sedgh Dds Inc., is a California
5 corporation ("Corp 4") with its principal place of business at 12121 Wilshire Blvd.,
6 Suite 1111, Los Angeles, California 90025.

7
8 21. During round 1 of the paycheck protection program, Corp 4 requested
9 a PPP loan for **\$148,481.00**. They were approved on **March 25, 2021** by the SBA
10 for an amount of \$148,481.00. The loan was facilitated by A10capital, LLC. Corp 4
11 received 100% of the approved amount. The SBA forgave \$149,676.98 of this loan
12 on January 21, 2022. On its application for this loan, Corp 4 stated that they had 18
13 employees with an average salary of \$39,595.00 per year. This loan hereafter
14 referred to as the "Corp 4 Loan." Plaintiff alleges that Corp 4's 18 employees were
15 actually Corp 1 employees that were fraudulently listed on Corp 4's books so that
16 Corp 1 could show less than 300 employees for its second-round PPP application
17 and so that the Defendants could receive additional first-round proceeds for these
18 same Corp 1 employees through Corp 4.

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22 22. Defendant Sol Cohen Sedgh Dental Corporation, is a California
23 corporation ("Corp 5") with its principal place of business at 12121 Wilshire Blvd.,
24 Suite 1111, Los Angeles, California 90025.

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27 23. During round 1 of the paycheck protection program, Corp 5 requested
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1 a PPP loan for **\$173,235.00**. They were approved on **March 30, 2021** by the SBA
2 for an amount of \$173,235.00. The loan was facilitated by A10capital, LLC. Corp 5
3 received 100% of the approved amount. The SBA forgave \$174,758.52 of this loan
4 on February 17, 2022. On its application for this loan, Corp 5 stated that they had
5 15 employees with an average salary of \$55,435.00 per year. This loan hereafter
6 referred to as the “Corp 5 Loan.” Plaintiff alleges that Corp 5’s 15 employees were
7 actually Corp 1 employees that were fraudulently listed on Corp 5’s books so that
8 Corp 1 could show less than 300 employees for its second-round PPP application
9 and so that the Defendants could receive additional first-round proceeds for these
10 same Corp 1 employees through Corp 5.
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14 24. Defendant Pakravan Dental Corporation, is a California corporation
15 (“Corp 6”) with its principal place of business at 12121 Wilshire Blvd., Suite 1111,
16 Los Angeles, California 90025.
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19 25. During round 1 of the paycheck protection program, Corp 6 requested
20 a PPP loan for **\$199,616.00**. They were approved on **March 30, 2021** by the SBA
21 for an amount of \$199,616.00. The loan was facilitated by A10capital, LLC. Corp 6
22 received 100% of the approved amount. The SBA forgave \$201,448.09 of this loan
23 on March 4, 2022. On its application for this loan, Corp 6 stated that they had 13
24 employees with an average salary of \$73,704.00 per year. This loan hereafter
25 referred to as the “Corp 6 Loan.” Plaintiff alleges that Corp 6’s 13 employees were
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1 actually Corp 1 employees that were fraudulently listed on Corp 6's books so that
2 Corp 1 could show less than 300 employees for its second-round PPP application
3 and so that the Defendants could receive additional first-round proceeds for these
4 same Corp 1 employees through Corp 6.
5

6 26. Defendant Farid Pakravan Professional Dental Corporation is a
7 California corporation ("Corp 7") with its principal place of business at 12121
8 Wilshire Blvd., Suite 1111, Los Angeles, California 90025.
9

10 27. During round 1 of the paycheck protection program, Corp 7 requested
11 a PPP loan for **\$182,167.00**. They were approved on **March 23, 2021** by the SBA
12 for an amount of \$182,167.00. The loan was facilitated by A10capital, LLC. Corp 7
13 received 100% of the approved amount. The SBA forgave \$183,873.88 of this loan
14 on March 3, 2022. On its application for this loan, Corp 7 stated that they had 8
15 employees with an average salary of \$109,300.00 per year. This loan hereafter
16 referred to as the "Corp 7 Loan." Plaintiff alleges that Corp 7's 8 employees were
17 actually Corp 1 employees that were fraudulently listed on Corp 7's books so that
18 Corp 1 could show less than 300 employees for its second-round PPP application
19 and so that the Defendants could receive additional first-round proceeds for these
20 same Corp 1 employees through Corp 7.
21

22 28. Corp 1, Corp 2, Corp 3, Corp 4, Corp 5, Corp 6 and Corp 7 shall
23 hereinafter be referred to as the Corporate Defendants.
24

25 29. Defendant Soleyman Cohen-Sedgh ("Cohen-Sedgh) is an individual
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1 and (a) the Chief Executive Officer and Chief Financial Officer of Corp 1, (b) a
2 Director of Corp 2, (c) the Chief Executive Officer and Chief Financial Officer of
3 Corp 3, (d) the Chief Executive Officer and Chief Financial Officer of Corp 4, (e)
4 the Chief Executive Officer and Chief Financial Officer of Corp 5, (f) a director of
5 Corp 6 and (g) a director of Corp 7.

6 30. Farid Pakravan ("Pakravan") is an individual and (a) the Secretary of
7 Corp 1, (b) the Secretary of Corp 2, (c) the Secretary of Corp 3, (d) the Secretary of
8 Corp 4, (e) the Secretary of Corp 5, (f) the Chief Executive Officer and Chief
9 Financial Officer of Corp 6 and (g) the Chief Executive Officer and Chief Financial
10 Officer of Corp 7.

11 31. Farhad Manavi ("Manavi") is an individual and (a) a Director of Corp
12 1, (b) the Chief Executive Officer and Chief Financial Officer of Corp 2, and (c) a
13 Director of Corp 5.

14 32. Cohen-Sedgh, Pakravan and Manavi are hereafter referred to as the
15 Individual Defendants.

16 33. Plaintiff is informed and believes that the Individual Defendants are
17 shareholders and owners of the Corporate Defendants.

18 34. Plaintiff is informed and believes that the Individual Defendants
19 exercise control over and manage the affairs of the Corporate Defendants.

20 35. Plaintiff is informed and believes that the Corporate Defendants are all
21 affiliates and affiliated as these terms are defined in the "Affiliation Rules
22 Applicable to U.S. Small Business Administration Paycheck Protection Program"
23 dated April 3, 2020.

24 36. In total the Corporate Defendants received **\$11,353,257.00** as follows:
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<u>Borrower</u>	<u>Loan Amount</u>	<u>Approved Date</u>	<u>Employees</u>	<u>Lender</u>
Corp 1 - Round 1	\$7,343,628.00	4/27/2020	477	Idaho First Bank
Corp 1 - Round 2	\$1,043,518.00	2/14/2021	131	A10capital, LLC
Corp 2	\$1,995,000.00	2/24/2021	218	A10capital, LLC
Corp 3	\$267,612.00	3/27/2021	23	A10capital, LLC
Corp 4	\$148,481.00	3/25/2021	18	A10capital, LLC
Corp 5	\$173,235.00	3/30/2021	15	A10capital, LLC
Corp 6	\$199,616.00	3/30/2021	13	A10capital, LLC
Corp 7	\$182,167.00	3/23/2021	8	A10capital, LLC
Total	<u>\$11,353,257.00</u>			

37. City Real Estate Holding, LLC, is a California limited liability company ("Real Estate LLC") with a principal place of business at 9903 Santa Monica Blvd., 921 Beverly Hills, California 90212. This business address is a mailbox rental address.

38. During round 1 of the paycheck protection program, Real Estate LLC requested a PPP loan for \$20,833.00. They were approved on April 8, 2021 by the SBA for an amount of \$20,833.00. The loan was facilitated by Harvest Small Business Finance, LLC. Real Estate LLC received 100% of the approved amount. The SBA forgave \$20,933.21 of this loan on October 15, 2021. On its application for this loan, Real Estate LLC stated that they had 1 employee with an average salary of \$99,994.00 per year.

39. Manavi is the Chief Executive Officer, manager and member of Real Estate LLC.

40. Plaintiff is informed and believes that the one employee claimed by Real Estate LLC on its PPP loan application is Manavi.

III. The CARES Act and Paycheck Protection Program

41. On March 27, 2020, the Coronavirus Aid, Relief, and Economic

1 Security Act (“the CARES Act” or “the Act”) (Pub. L. 116-136) became law and
2 provided emergency assistance and health care response for individuals, families,
3 and businesses affected by the coronavirus pandemic. SBA received funding and
4 authority through the Act to modify existing loan programs and establish a new
5 loan program to assist small businesses nationwide adversely impacted by the
6 COVID-19 emergency.
7

8
9 42. The CARES Act authorized loans to eligible small businesses
10 struggling to pay employees and other business expenses as a result of the
11 devastating effect of the COVID-19 pandemic.
12

13 43. Section 1102 of the CARES Act temporarily permitted the SBA to
14 guarantee 100 percent of 7(a) loans under a new program titled the “Paycheck
15 Protection Program” (“PPP”).
16

17 44. On April 24, 2020, the Paycheck Protection Program and Health Care
18 Enhancement Act (Pub. L. 116-139) became law and provided additional funding
19 and authority for the PPP. On June 5, 2020, the Paycheck Protection Program
20 Flexibility Act of 2020 (Flexibility Act) (Pub. L. 116-142) became law and changed
21 key provisions of the Paycheck Protection Program, including provisions relating to
22 the maturity of PPP loans, the deferral of PPP loan payments, and the forgiveness
23 of PPP loans. Case 9:20-cv-81717-DMM Document 52 Entered on FLSD Docket
24
25

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1 45. Under the PPP, in 2020, eligible businesses could obtain one SBA
2 guaranteed PPP loan. Businesses were required to spend loan proceeds for
3 employee compensation, rent or mortgage, and other specified expenses and,
4 depending on their use of the loan proceeds, could qualify for loan forgiveness, up
5 to the full amount of the loan.
6

7
8 46. The SBA delegated authority to third-party lenders to underwrite and
9 approve the PPP loans. In order to obtain a PPP loan, a qualifying business (through
10 its authorized representative) signed and submitted a PPP loan application (SBA
11 Form 2483) online through the lender's application platform. The PPP loan
12 application (SBA Form 2483) required the business (through its authorized
13 representative) to acknowledge the PPP program rules and make certain affirmative
14 certifications in order to be eligible to obtain the PPP loan.
15
16

17 47. Once the Borrower submitted its PPP loan application (SBA Form
18 2483) to a Lender, the participating lender processed the PPP loan application. If a
19 PPP loan application (SBA Form 2483) was approved by the participating lender, it
20 thereafter funded the PPP loan using its own monies, which were 100% guaranteed
21 by the SBA.
22
23

24 48. After the Lender processed and approved a borrower's PPP loan
25 application (Form 2483), but prior to the closing of the PPP loan, the Lender
26 submitted to the SBA, the Lender's Application - Paycheck Protection Program
27
28

1 Loan Guaranty (SBA Form 2484) to the SBA applying for a guarantee on the loan.
2 For a PPP loan to be approved, the Lender was required to Answer Yes to the
3 following questions in the Lender's Application - Paycheck Protection Program
4 Loan Guaranty (SBA Form 2484) as to the Borrower's certification of its General
5 Eligibility to receive a PPP Loan:
6

•	The Applicant has certified to the Lender that (1) it was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099MISC; (2) current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant; (3) the funds will be used to retain workers and maintain payroll, or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures; and (4) the Applicant has not and will not receive another loan under the Paycheck Protection Program, section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (this does not include Paycheck Protection Program second draw loans, section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37))).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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23
24 SBA Form 2484 (emphasis added). Therefore, if a PPP borrower lied on its PPP
25 loan application (SBA Form 2483), the PPP borrower's false certification caused
26 the Lender to submit to the SBA with respect to that PPP Loan, a Lender's
27
28

1 Application - Paycheck Protection Program Loan Guaranty (SBA Form 2484) that
2 contained the PPP borrower's False Statement.

3
4 49. SBA Form 2483 provides the following certification, among others
5 "All SBA loan proceeds will be used only for business-related purposes as specified
6 in the loan application and consistent with the Paycheck Protection Program Rule"
7 (hereafter the "Use of Proceeds Certification")
8

9 50. SBA Form 2483 additionally provides the following certification,
10 among others: "Current economic uncertainty makes this loan request necessary to
11 support the ongoing operations of the Applicant" (hereafter the "Economic
12 Necessity Certification").
13

14 51. SBA Form 2483 additionally provides the following certification,
15 among others: "The funds will be used to retain workers and maintain payroll or
16 make mortgage interest payments, lease payments, and utility payments, as
17 specified under the Paycheck Protection Program Rule; I understand that if the
18 funds are knowingly used for unauthorized purposes, the federal government may
19 hold me legally liable, such as for charges of fraud" (hereafter the "Worker
20 Retention and Payroll Certification.")
21
22

23
24 52. SBA Form 2483 additionally provides the following certification,
25 among others: "The Applicant was in operation on February 15, 2020 and had
26 employees for whom it paid salaries and payroll taxes or paid independent
27
28

1 contractors, as reported on Form(s) 1099-MISC” (hereafter the “In Operation
2 Certification”).

3
4 53. SBA Form 2483 additionally provides the following certification,
5 among others: “During the period beginning on February 15, 2020 and ending on
6 December 31, 2020, the Applicant has not and will not receive another loan under
7 the Paycheck Protection Program” (hereafter the “No Other Loan Certification”).
8

9 54. After the borrower submitted the PPP loan application, that application
10 was then processed by a participating lender. If a PPP loan application was
11 approved, the participating lender funded the loan using its own monies, which
12 were then guaranteed by the SBA. Generally, in the event that the borrower
13 defaulted on a PPP loan, the SBA would purchase the borrower's debt from the
14 lending financial institution and take on the responsibility for paying back the loan.
15
16

17 55. Under the applicable PPP rules and guidance, recipients of PPP loans
18 could apply to have the interest and principal on the PPP loan fully forgiven,
19 meaning that the borrower would owe nothing and would have no obligation to
20 repay the PPP loan. To obtain full forgiveness of the PPP loan, borrowers had to
21 attest that they had "not reduced the number of employees or the average paid hours
22 of [their] employees" during the loan period, that the loan proceeds had been spent
23 on payroll costs and other permitted expenses and that at least 60% of the loan
24 proceeds had been spent on payroll costs (hereafter the “Loan Forgiveness
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27
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1 Certification”).

2 56. Borrowers who qualified for and received a "First Draw" PPP loan
3 were permitted, to apply for a "Second Draw" PPP loan, provided that the borrower
4 had (a) previously received a First Draw PPP loan and had used the full amount
5 only for authorized uses; (b) had no more than 300 employees (the “300 Employee
6 Rule”); and (c) could demonstrate at least a 25% reduction in gross receipts
7 between comparable quarters in 2019 and 2020 (hereafter “Second Draw
8 Certification”).
9
10

11 57. Like the First Draw PPP loans, Second Draw PPP loans could only be
12 used for certain permitted expenses, such as to fund payroll costs and employee
13 benefits, such as health insurance, to pay for, mortgage interest, rent, utilities or
14 worker protection costs related to COVID19.
15
16

17 **IV. Defendants’ Fraudulent Scheme of Shuffling Employees to Shell Entities**
18 **to Collect Duplicate Payroll Sums – False Statements and Misuse of**
19 **Proceeds**

20 **a. Corp 1**

21 58. Defendants received a PPP loan for all their 477 employees through
22 Corp 1, then shuffled most of them around to shell entities to collect duplicate loans
23 for the same employees and to reduce the number of employees (to below 300) in
24 the original company (Corp 1) such that Corp 1 would qualify for a second loan.
25 Defendants then did not use the loan for payroll, but rather for personal gain.
26

27 59. In their application for the Corp 1 Round 1 Loan, which was approved
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1 on April 27, 2020, Corp 1 certified that they had 477 employees, with an average
2 salary of \$73,898.00 per year and that 100% of the loan proceeds would be used for
3 payroll. The SBA forgave \$7,428,331.00 of this loan on June 25, 2021.

4 60. Less than one year later, Corp 1 applied for a Round 2 Loan, which
5 was approved on February 14, 2021. In that application Corp 1 certified a business
6 related major drop in the number of employees, only 131 employees, with an
7 average salary of \$38,236.00 per year. They also promised that 100% of the loan
8 proceeds would be used for payroll. The SBA forgave \$1,055,182.53 of this loan on
9
10 March 31, 2022.

11
12 61. In other words, even though Corp 1 certified on its application for the
13 Corp 1 Round 1 Loan that it would retain its workers Corp 1 actually terminated (or
14 for some reason shuffled to other entities) 346, or roughly 73.4% of their
15 employees in less than one year. It is evident that the funds were not used to retain
16 workers.

17
18 62. Corp 1's failure to use the loan proceeds of the Corp Round 1 Loan for
19 payroll and employee retention constitutes a violation of the Use of Proceeds
20 Certification and the Worker Retention and Payroll Certification.

21 63. Since the Corp 1 Round 1 Loan was forgiven and Corp 1 reduced the
22 average number of it's employees by 73.4%, when Corp 1 made the Loan
23 Forgiveness Certification, that certification was false.

24 64. Corp 1 terminated (or otherwise separated) 73.4% of its employees
25 after it received the Corp 1 Round 1 Loan, when Corp 1 made the Second Draw
26 Certification, so that certification was false.

27 65. Corp 1 also certified it had less than 300 employees for its Round 2
28

1 Loan, but that was also false. That statement was false because prior to submitting
2 the second-round loan application most of Corp 1's employees were fraudulently
3 listed as employees of Corp 2 through Corp 7.

4 66. Plaintiff is informed and believes and herein alleges that the proceeds
5 of the Corp 1 Round 1 Loan and the Corp 1 Round 2 Loan were not used for
6 permitted purposes and therefore when Corp 1 made the Use of Proceeds
7 Certification, the Worker Retention and Payroll Certification and the Loan
8 Forgiveness Certification with respect to each of the loans, the certifications were
9 false.
10

11 **b. Corp 2**

12 67. Corp 2 is a shell corporation. It was not in operation and was not active
13 until the PPP presented an opportunity for the Defendants to steal.

14 68. Corp 2 was originally formed on November 10, 2010 by filing of
15 Articles of Incorporation with the California Secretary of State. Since July 28, 2011
16 until May 27, 2020 (right after the Corp 1 Round 1 Loan was approved) Corp 2 lay
17 dormant. There were no filings with the California Secretary of State. For more
18 than nine years, Corp 2 filed nothing with the California Secretary of State. There
19 was also no activity which could be detected in any media or other record. As of the
20 date of this Complaint Corp 2 is delinquent with the filing of its Statement of
21 Information with the California Secretary of State.
22

23 69. Corp 2's first filing after this extended period of dormancy was on
24 May 27, 2020, immediately after Corp 1 had obtained a first-round loan and the 300
25 Employee Rule was known to the Defendants.

26 70. Under the 300 Employee Rule, Corp 1 was ineligible and prohibited
27 from obtaining a second round PPP loan because it had more than 300 employees,
28

1 in reality.

2 71. Plaintiff is informed and believes that Corp 2 was exploited by the
3 Defendants as a way to evade the 300 Employee Rule enabling it to fraudulently
4 obtain loan proceeds for employees already claimed by Corp 1.

5 72. Plaintiff is informed and believes that the 218 employees set forth in
6 Corp 2's PPP application were actually employees of Corp 1, for which Corp 1 had
7 already received PPP loan proceeds. They were then shuffled to Corp 2 for two
8 reasons: 1) to allow Corp 1 to evade the 300 Employee Rule for its second-round
9 loan and; 2) to allow Corp 2 to get another loan for the same employees, to
10 "double-dip" for payroll costs already received by Corp 1 for the same employees
11 in its first round loan.

12 73. Plaintiff is informed and believes and herein alleges that the proceeds
13 of the Corp 2 Loan were not used for permitted purposes and therefore when Corp 2
14 made the Use of Proceeds Certification, the Worker Retention and Payroll
15 Certification and the Loan Forgiveness Certification with respect to each of the
16 loans, the certifications were false.

17 74. Plaintiff is informed and believes and herein alleges that Corp 2 was
18 not in operation on February 15, 2020 and did not have employees for whom it paid
19 salaries and payroll taxes or paid independent contractors, as reported on Form(s)
20 1099-MISC, and therefore when Corp 2 made the In Operation Certification, that
21 certification was false.

22 75. Plaintiff is informed and believes and herein alleges that when the
23 authorized representative of Corp 2 made the No Other Loan Certification, such
24 certification was not made in "good-faith" as required because the object of the
25 certification was to evade the 300 Employee Rule restriction on Corp 1 and to
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1 double-dip, and therefore such certification was false.

2 **c. Corp 3**

3 76. Corp 3 is a shell corporation. It was not in operation and was not active
4 until the PPP presented an opportunity for the Defendants to steal.
5

6 77. Corp 3 was originally formed on October 13, 1994 upon the filing of
7 Articles of Incorporation with the California Secretary of State. From 1997 until
8 2009 the only events with the California Secretary of State were delinquencies and
9 failures of Corp 3 to follow corporate formalities.
10

11 78. Under the 300 Employee Rule, Corp 1 was ineligible and prohibited
12 from obtaining a second round PPP loan because it had more than 300 employees,
13 in reality.
14

15 79. Plaintiff is informed and believes that Corp 3 was exploited by the
16 Defendants as a way to evade the 300 Employee Rule enabling it to fraudulently
17 obtain loan proceeds for employees already claimed by Corp 1.
18

19 80. Plaintiff is informed and believes that the 23 employees set forth in
20 Corp 3's PPP application were actually employees of Corp 1, for which Corp 1 had
21 already received PPP loan proceeds. They were then shuffled to Corp 3 for two
22 reasons: 1) to allow Corp 1 to evade the 300 Employee Rule for its second-round
23 loan and; 2) to allow Corp 3 to "double-dip" for payroll costs already received by
24 Corp 1 for the same employees in its first round loan.

25 81. Plaintiff is informed and believes and herein alleges that the proceeds
26 of the Corp 3 Loan were not used for permitted purposes and therefore when Corp 2
27 made the Use of Proceeds Certification, the Worker Retention and Payroll
28

1 Certification and the Loan Forgiveness Certification with respect to each of the
2 loans, the certifications were false.

3 82. Plaintiff is informed and believes and herein alleges that Corp 3 was
4 not in operation on February 15, 2020 and did not have employees for whom it paid
5 salaries and payroll taxes or paid independent contractors, as reported on Form(s)
6 1099-MISC, and therefore when Corp 3 made the In Operation Certification, that
7 certification was false.

8 83. Plaintiff is informed and believes and herein alleges that when the
9 authorized representative of Corp 3 made the No Other Loan Certification, such
10 certification was not made in “good-faith” as required because the object of the
11 certification was to evade the 300 Employee Rule restriction on Corp 1 and to
12 double-dip, and therefore such certification was false.

13
14 **d. Corp 4**

15 84. Corp 4 is a shell corporation. It was not in operation and was not active
16 until the PPP presented an opportunity for the Defendants to steal.

17 85. Corp 4 was originally formed on April 2, 2001 upon the filing of
18 Articles of Incorporation with the California Secretary of State. From 2004 until
19 2019 the only events with the California Secretary of State were delinquencies and
20 failures of Corp 4 to follow corporate formalities.

21 86. Following this extended period of failing to comply with corporate
22 formalities on May 4, 2021 Corp 4 filed a Statement of Information. As of the date
23 of this Complaint, Corp 4 is again delinquent with respect to filing its required
24 Statement of Information.

25 87. Corp 4’s first filing after this extended period of dormancy was on
26 May 4, 2021, after Corp 1 had obtained a first-round loan and the 300 Employee
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1 Rule was known to the Defendants.

2 88. Under the 300 Employee Rule, Corp 1 was ineligible and prohibited
3 from obtaining a second round PPP loan because it had more than 300 employees,
4 in reality.

5 89. Plaintiff is informed and believes that Corp 4 was exploited by the
6 Defendants as way to evade the 300 Employee Rule and to fraudulently obtain loan
7 proceeds for employees already claimed by Corp 1.

8 90. Plaintiff is informed and believes that the 18 employees set forth in
9 Corp 4's PPP application were actually employees of Corp 1, for which Corp 1 had
10 already received PPP loan proceeds. They were then shuffled to Corp 4 for two
11 reasons: 1) to allow Corp 1 to evade the 300 Employee Rule for its second-round
12 loan; and 2) to allow Corp 4 to get another loan for the same employees, to
13 "double-dip" for payroll costs already received by Corp 1 for the same employees
14 in its first round loan.

15 91. Plaintiff is informed and believes and herein alleges that the proceeds
16 of the Corp 4 Loan were not used for permitted purposes and therefore when Corp 4
17 made the Use of Proceeds Certification, the Worker Retention and Payroll
18 Certification and the Loan Forgiveness Certification with respect to each of the
19 loans, the certifications were false.

20 92. Plaintiff is informed and believes and herein alleges that Corp 4 was
21 not in operation on February 15, 2020 and did not have employees for whom it paid
22 salaries and payroll taxes or paid independent contractors, as reported on Form(s)
23 1099-MISC, and therefore when Corp 4 made the In Operation Certification, that
24 certification was false.

25 93. Plaintiff is informed and believes and herein alleges that when the
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1 authorized representative of Corp 4 made the No Other Loan Certification, such
2 certification was not made in “good-faith” as required because the object of the
3 certification was to evade the 300 Employee Rule restriction on Corp 1 and to
4 double-dip, and therefore such certification was false.

5
6 **e. Corp 5**

7 94. Corp 5 is a shell corporation. It was not in operation and was not active
8 until the PPP presented an opportunity for the Defendants to steal.

9 95. Corp 5 was originally formed on September 26, 2001 upon the filing
10 of Articles of Incorporation with the California Secretary of State. From 2001 until
11 2018 the only events with the California Secretary of State were delinquencies and
12 failures of Corp 5 to follow corporate formalities. In 2018 Corp 5 followed a
13 statement of information and then failed to file any other required documents until
14 2021. Following this extended period of failing to comply with corporate
15 formalities on May 4, 2021, Corp 5 filed a Statement of Information.

16 96. Corp 5’s first filing after this extended period of dormancy was on
17 May 4, 2021, after Corp 1 had obtained a first-round loan and the 300 Employee
18 Rule was known to the Defendants.

19 97. Under the 300 Employee Rule, Corp 1 was ineligible and prohibited
20 from obtaining a second round PPP loan because it had more than 300 employees,
21 in reality.

22 98. Plaintiff is informed and believes that Corp 5 was exploited by the
23 Defendants as a way to evade the 300 Employee Rule enabling it to fraudulently
24 obtain loan proceeds for employees already claimed by Corp 1.

25 99. Plaintiff is informed and believes that the 18 employees set forth in
26 Corp 5’s PPP application were actually employees of Corp 1, for which Corp 1 had
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1 already received PPP loan proceeds. They were then shuffled to Corp 5 for two
2 reasons: 1) to allow Corp 1 to evade the 300 Employee Rule for its second-round
3 loan; and 2) to allow Corp 5 to get another loan for the same employees, to
4 “double-dip” for payroll costs already received by Corp 1 for the same employees
5 in its first round loan.

6 100. Plaintiff is informed and believes and herein alleges that the proceeds
7 of the Corp 5 Loan were not used for permitted purposes and therefore when Corp 5
8 made the Use of Proceeds Certification, the Worker Retention and Payroll
9 Certification and the Loan Forgiveness Certification with respect to each of the
10 loans, the certifications were false.

11 101. Plaintiff is informed and believes and herein alleges that Corp 5 was
12 not in operation on February 15, 2020 and did not have employees for whom it paid
13 salaries and payroll taxes or paid independent contractors, as reported on Form(s)
14 1099-MISC, and therefore when Corp 5 made the In Operation Certification, that
15 certification was false.

16 102. Plaintiff is informed and believes and herein alleges that when the
17 authorized representative of Corp 5 made the No Other Loan Certification, such
18 certification was not made in “good-faith” as required because the object of the
19 certification was to evade the 300 Employee Rule restriction on Corp 1 and to
20 double-dip, and therefore such certification was false.

21 **f. Corp 6**

22 103. Corp 6 is a shell corporation. It was not in operation and was not active
23 until the PPP presented an opportunity for the Defendants to steal.

24 104. Corp 6 was originally formed on August 19, 2002 upon the filing of
25 Articles of Incorporation with the California Secretary of State. From 2002 until
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1 2018 the only events with the California Secretary of State were delinquencies and
2 failures of Corp 6 to follow corporate formalities. In 2018 Corp 6 filed a statement
3 of information and then failed to file any other required documents until 2021.
4 Following this extended period of failing to comply with corporate formalities on
5 May 4, 2021, Corp 6 filed a Statement of Information.

6 105. Corp 6's first filing after this extended period of dormancy was on
7 May 4, 2021, after Corp 1 had obtained a first-round loan and the 300 Employee
8 Rule was known to the Defendants.

9 106. Under the 300 Employee Rule, Corp 1 was ineligible and prohibited
10 from obtaining a second round PPP loan because it had more than 300 employees,
11 in reality.

12 107. Plaintiff is informed and believes that Corp 6 was exploited by the
13 Defendants as a way to evade the 300 Employee Rule enabling it to fraudulently
14 obtain loan proceeds for employees already claimed by Corp 1.

15 108. Plaintiff is informed and believes that the 13 employees set forth in
16 Corp 6's PPP application were actually employees of Corp 1, for which Corp 1 had
17 already received PPP loan proceeds. They were then shuffled to Corp 6 for two
18 reasons: 1) to allow Corp 1 to evade the 300 Employee Rule for its second-round
19 loan; and 2) to allow Corp 6 to get another loan for the same employees, to
20 "double-dip" for proceeds already received by Corp 1 for the same employees in its
21 first-round loan.

22 109. Plaintiff is informed and believes and herein alleges that the proceeds
23 of the Corp 6 Loan were not used for permitted purposes and therefore when Corp 6
24 made the Use of Proceeds Certification, the Worker Retention and Payroll
25 Certification and the Loan Forgiveness Certification with respect to each of the
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1 loans, the certifications were false.

2 110. Plaintiff is informed and believes and herein alleges that Corp 6 was
3 not in operation on February 15, 2020 and did not have employees for whom it paid
4 salaries and payroll taxes or paid independent contractors, as reported on Form(s)
5 1099-MISC, and therefore when Corp 6 made the In Operation Certification, that
6 certification was false.

7 111. Plaintiff is informed and believes and herein alleges that when the
8 authorized representative of Corp 6 made the No Other Loan Certification, such
9 certification was not made in “good-faith” as required because the object of the
10 certification was to evade the 300 Employee Rule restriction on Corp 1 and to
11 double-dip, and therefore such certification was false.

12
13 **g. Corp 7**

14 112. Corp 7 is a shell corporation. It was not in operation and was not active
15 until the PPP presented an opportunity for the Defendants to steal.

16 113. Corp 7 was originally formed on July 24, 2002 upon the filing of
17 Articles of Incorporation with the California Secretary of State. From 2002 until
18 2008 the only events with the California Secretary of State were delinquencies and
19 failures of Corp 7 to follow corporate formalities, including its suspension in 2005
20 and revivor in 2008. From its revivor in 2008 to the filing of a statement of
21 information 2018, none of the other many required filings were made with the
22 Secretary of State. In 2018 Corp 7 filed a statement of information and then failed
23 to file any other required documents until 2021. Following this extended period of
24 failing to comply with corporate formalities on March 1, 2021, Corp 7 filed a
25 Statement of Information.
26

27 114. Corp 7’s first filing after this extended period of dormancy was on
28

1 March 1, 2021, after Corp 1 had obtained a first-round loan and the 300 Employee
2 Rule was known to the Defendants.

3 115. Under the 300 Employee Rule, Corp 1 was ineligible and prohibited
4 from obtaining a second round PPP loan because it had more than 300 employees,
5 in reality.

6 116. Plaintiff is informed and believes that Corp 7 was exploited by the
7 Defendants as a way to evade the 300 Employee Rule enabling it to fraudulently
8 obtain loan proceeds for employees already claimed by Corp 1.

9 117. Plaintiff is informed and believes that the 8 employees set forth in
10 Corp 7's PPP application were actually employees of Corp 1, for which Corp 1 had
11 already received PPP loan proceeds. They were then shuffled to Corp 7 for two
12 reasons: 1) to allow Corp 1 to evade the 300 Employee Rule for its second-round
13 loan; and 2) to allow Corp 7 to get another loan for the same employees, to
14 "double-dip" for payroll costs already received by Corp 1 for the same employees
15 in its first-round loan.

16 118. Plaintiff is informed and believes and herein alleges that the proceeds
17 of the Corp 7 Loan were not used for permitted purposes and therefore when Corp 7
18 made the Use of Proceeds Certification, the Worker Retention and Payroll
19 Certification and the Loan Forgiveness Certification with respect to each of the
20 loans, the certifications were false.

21 119. Plaintiff is informed and believes and herein alleges that Corp 7 was
22 not in operation on February 15, 2020 and did not have employees for whom it paid
23 salaries and payroll taxes or paid independent contractors, as reported on Form(s)
24 1099-MISC, and therefore when Corp 6 made the In Operation Certification, that
25 certification was false.
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120. Plaintiff is informed and believes and herein alleges that when the authorized representative of Corp 7 made the No Other Loan Certification, such certification was not made in “good-faith” as required because the object of the certification was to evade the 300 Employee Rule restriction on Corp 1 and to double-dip, and therefore such certification was false.

h. The Defendants' Embezzlement of the Loan Funds - Pandemic Real Estate Buying Spree

121. Real Estate LLC is an entity that is owned and controlled by Manavi.

122. On July 2, 2020, through Real Estate LLC, Manavi purchased that certain real property located at 1131 N Westmoreland Ave., Los Angeles California 90029 in an all-cash offer for \$900,000.

123. On August 24, 2020, Manavi purchased the property located at 2187 Summitridge Drive, Beverly Hills, California 90210 for \$4,375,000.

124. On March 26, 2021, through Real Estate LLC, Manavi purchased that certain property located at 216 N Park View St, Los Angeles, California 90026 in an all-cash offer for \$847,000. Manavi then transferred the property to 216 N Park View LLC, a California limited liability company, owned and managed by his brother Farshad Manavi.

125. On June 7, 2021, Pakravan purchased the property located at 24314 Malibu Rd., Malibu, California 90265 for \$9,700,000. Pakravan thereafter quitclaimed the property to Fun and Malibu Road LLC, a California limited liability company in which he and Cohen-Sedgh are both members.

126. On June 29, 2021, through Real Estate LLC, Manavi purchased that certain property located at 7951 Capistrano Avenue, Canoga Park, California 91304 in an all-cash offer for \$640,000.

127. On August 9, 2021, the Individual Defendants, through Washington and Norwalk LLC, purchased that property located at 7910 Norwalk Blvd., Whittier, California 90606. Washington and Norwalk, LLC is a California limited liability company that is owned and controlled by the Individual Defendants.

128. On August 30, 2021, through Real Estate LLC, Manavi purchased that certain property located at 1546 W Avenue L12, Lancaster, California 93534 in an all-cash offer for \$373,000.

129. On November 4, 2021, through Real Estate LLC, Manavi purchased that certain property located at 17159 Lassen St., Northridge, California 91325 in an all-cash offer for \$652,500.

V. THE FALSE CLAIMS ACT

130. Plaintiff alleges that, from at least April 27, 2020 through the time of the filing of this Complaint, Defendants violated the FCA by “knowingly” submitting and/or causing the submission of false claims for payment to lenders authorized by the SBA to process PPP loan applications in the form of PPP Applications and the resulting receipt and failure to return PPP loans. These claims for payment were false because Defendants: (1) made knowingly false statements and certifications in their PPP applications, and in certifications accompanying its receipt of federal PPP funds, that it was complying with, and would continue to comply with, applicable laws and regulations governing the award of PPP loans; and/or (2) made, or caused to be made, false representations in loan applications that the Corporate Defendants were eligible to receive such PPP loans. Moreover, Defendants’ false claims caused on numerous occasions Idaho First Bank and A10Capital, LLC to submit to the SBA, a Lender’s Application - Paycheck Protection Program Loan Guaranty (SBA Form 2484) that contained Defendants’

1 false statement concerning Corporate Defendants' general eligibility for the PPP
2 loans, on which the SBA relied and paid to the lenders.

3 131. The False Claims Act prohibits fraudulent conduct in connection with
4 federal programs, including the knowing submission of false claims for payment to
5 the government.

6 See 31 U.S.C. § 3729(a)(1)(A). In these circumstances, liability may attach if the
7 omission renders those representations misleading. 41. 31 U.S.C. § 3729(a)(1)(A)
8 and (B) of the FCA provide that:

9 (1) . . . any person who—

10 (A) knowingly presents, or causes to be presented, a false or fraudulent
11 claim for payment or approval; [or]
12

13 (B) knowingly makes, uses, or causes to be made or used, a false
14 record or statement material to a false or fraudulent claim,

15 . . .

16 (G) knowingly makes, uses, or causes to be made or used, a false
17 record or statement material to an obligation to pay or transmit money or property
18 to the Government, or knowingly conceals or knowingly and improperly avoids or
19 decreases an obligation to pay or transmit money or property to the Government,
20 is liable to the United States Government . . .

21 31 U.S.C. § 3729(a)(1)(A), (B), and (G) (2020).

22 42. The scope of a false or fraudulent claim is to be broadly construed.

23 As used in the FCA, a "claim"

24 (A) means any request or demand, whether under a contract or
25 otherwise, for money or property and whether or not the United States has title to
26 the money or property, that—
27
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1 (i) is presented to an officer, employee, or agent of the United States;
2 or

3 (ii) is made to a contractor, grantee, or other recipient, if the money or
4 property is to be spent or used on the Government's behalf or to advance a
5 Government program or interest, and if the United States Government—
6 (I) provides or has provided any portion of the money or property requested or
7 demanded; or

8 (II) will reimburse such contractor, grantee, or other recipient for any
9 portion of the money or property which is requested or demanded; . . .

10 31 U.S.C. § 3729(b)(2) (2020).

11
12 132. A person who violates the False Claims Act during the time period at
13 issue "is liable for a civil penalty as adjusted, plus 3 times the amount of damages
14 which the United States Government sustains because of the act of that person." 31
15 U.S.C. § 3729(a). See 28 C.F.R. § 85.3(a)(9); Department of Justice, 28 CFR Part
16 85, Civil Monetary Penalties Inflation Adjustments for 2022 published at:
17 <https://www.govinfo.gov/content/pkg/FR-2022-05-09/pdf/2022-09928.pdf>.

18 VI. JURISDICTION & VENUE

19 133. This Court has subject matter jurisdiction over the Plaintiff's claims
20 brought under the FCA, 31 U.S.C. §§ 3279, et seq., pursuant to 31 U.S.C. §§ 3730
21 and 3732. This Court has supplemental jurisdiction to entertain the common law
22 and equitable causes of action under 28 U.S.C. § 1367(a).

23
24 134. This Court has personal jurisdiction over Defendants pursuant to 31
25 U.S.C. § 3732(a) because at all times material hereto, Defendants transacted
26 business and are found in the Central District of California, and acts proscribed by
27
28

1 31 U.S.C. § 3729 occurred in this district.

2 135. Venue is proper in this district pursuant to 31 U.S.C. § 3732(a), and
3
4 under 28 U.S.C. §§ 1391(b) and 1395(a), because the Corporate Defendants are all
5 California entities headquartered at the same office in Los Angeles County, all
6 within the Central District of California. Moreover, the Individual Defendants
7
8 reside and do business in Los Angeles County within the Central District of
9 California. Furthermore, acts that form the basis of this Complaint occurred in the
10 Central District of California.

11
12 136. Relator's claims and this Complaint are not based upon prior public
13 disclosures of allegations or transactions in a federal criminal, civil, or
14 administrative hearing in which the Government or its agent is a party; in a
15 congressional, Government Accountability Office, or other federal report, hearing,
16 audit, or investigation; or from the news media. To the extent that there has been a
17 public disclosure unknown to Relator, it is the "original source" within the meaning
18 of 31 U.S.C. § 3730(e)(4)(B) and/or the public disclosure is a result of Relator
19 voluntarily providing this information to the United States Government prior to
20 filing this *qui tam* action.

24 VII. FIRST CAUSE OF ACTION

25 FALSE OR FRAUDULENT CLAIMS (31 U.S.C. § 3729.(a)(1)(A-B))

26 137. Plaintiff alleges and incorporates by reference each and every
27
28

1 allegation contained in all prior paragraphs of this complaint.

2 138. This is a claim for treble damages and penalties under the False Claims
3 Act, 31 U.S.C. § 3729, *et seq.*, as amended.
4

5 139. By virtue of the acts described above, Defendants knowingly
6 presented, or caused to be presented, to an officer or employee of the United States
7 government, false or fraudulent claims for payment or approval, in violation of the
8 FCA, 31 U.S.C. § 3729(a)(1)(A).
9

10 140. By virtue of the acts described above, Defendants knowingly made or
11 used, or caused to be made or used, false or fraudulent records or statements
12 material to false or fraudulent claims for payment by the Government.
13

14 141. Because of the Defendants' acts, the United States sustained damages
15 in an amount to be determined at trial and, therefore, is entitled to treble damages
16 under the FCA, plus civil penalties of not less than \$12,537.00 and not more than
17 \$25,076.00 for each and every violation arising from Defendants' unlawful conduct
18 alleged herein.
19
20

21
22 **PRAYER FOR RELIEF**
23

24 WHEREFORE, *qui tam* Plaintiff/Relator prays for judgment against
25 Defendants, as follows:
26

27 1. That this Court enter judgment against each Defendant in an amount equal
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1 to three times the damages that the United States has sustained because of
2 Defendants' action, plus a civil penalty of not less than \$12,537.00 and
3 not more than \$25,076.00 for each and every false claim as are required
4 by law, together with all such further relief as may be just and proper.
5

6 2. Such other relief as this Court may deem just and proper, together with
7 interest and costs of this action.
8

9 3. Reasonable attorney fees, litigation expenses, and costs of suit
10

11 **JURY DEMAND**

12 Plaintiff demands a trial by jury on all issues so triable.
13

14 Dated: June 1, 2022

THE LAW OFFICE OF HAKIMI & SHAHRIARI

15
16 By: /s/ Anoush Hakimi

17 ANOUSH HAKIMI, ESQ.

18 Attorney for Plaintiff RELATOR LLC
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